CATTLE MARKETING DEDUCTIONS FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2000

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Cattle Marketing Deductions Fund as at March 31, 2000 and the statements of revenue, expenditure and net financial assets, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2000 and the results of its operations and its cash flows for the year then ended in accordance with generally accepted accounting principles.

Fred Wendel, CMA, CA
Acting Provincial Auditor

Regina, Saskatchewan
July 27, 2000

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF FINANCIAL POSITION
As at March 31

	Provincial Account		National Account		Total	
	2000	1999	2000	1999	2000	1999
FINANCIAL ASSETS						
Due from General Revenue Fund (Note 3)	$ 1,054,040	$ 1,361,694	$ 2,334,868	$ 931,134	$ 3,388,908	$ 2,292,828
Accounts receivable	171,188	170,760	176,455	176,495	347,643	347,255
Accrued interest receivable	43,589	28,190	—	—	43,589	28,190
	1,268,817	1,560,644	2,511,323	1,107,629	3,780,140	2,668,273
LIABILITIES						
Grants payable	225,519	1,989	—	—	225,519	1,989
Accounts payable	46,295	18,974	—	—	46,295	18,974
	271,814	20,963	—	—	271,814	20,963
Net financial assets (Statement 2)	$ 997,003	$ 1,539,681	$ 2,511,323	$ 1,107,629	$ 3,508,326	$ 2,647,310

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF REVENUE, EXPENDITURE AND NET FINANCIAL ASSETS
Year Ended March 31

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	Budget 2000 (Note 5)	Provincial Account 2000	Provincial Account 1999	National Account 2000	National Account 1999	Total Actual 2000	Total Actual 1999
Revenue							
Deductions under sections 3 and 4 of *The Cattle Marketing Deductions Act* and Regulations	$ 1,350,000	$ 1,403,702	$ 1,413,521	$ 1,403,694	$ 1,107,629	$ 2,807,396	$ 2,521,150
Less:							
Commissions	50,000	41,231	41,343	—	—	41,231	41,343
Refund of deductions	69,000	110,207	81,168	—	—	110,207	81,168
Net deductions	1,231,000	1,252,264	1,291,010	1,403,694	1,107,629	2,655,958	2,398,639
Interest (Note 3)	45,000	138,834	83,580	—	—	138,834	83,580
Miscellaneous revenue	—	1,990	—	—	—	1,990	—
Total revenue	1,276,000	1,393,088	1,374,590	1,403,694	1,107,629	2,796,782	2,482,219
Expenditure							
Grants (Note 3)	650,000	1,917,281	1,201,831	—	—	1,917,281	1,201,831
Administration (Note 3)	16,000	15,000	15,321	—	—	15,000	15,321
Advisory Committee and other expenses	2,500	3,485	3,952	—	—	3,485	3,952
Total expenditure	668,500	1,935,766	1,221,104	—	—	1,935,766	1,221,104
Surplus for the year	$ 607,500	(542,678)	153,486	1,403,694	1,107,629	861,016	1,261,115
Net financial assets, beginning of year		1,539,681	1,386,195	1,107,629	—	2,647,310	1,386,195
Net financial assets, end of year - to Statement 1		$ 997,003	$ 1,539,681	$ 2,511,323	$ 1,107,629	$ 3,508,326	$ 2,647,310

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
STATEMENT OF CASH FLOWS
Year Ended March 31

	2000	1999
Cash flows from operating activities:		
Cash receipts from deductions	$ 2,765,777	$ 2,296,539
Cash paid to suppliers	(18,485)	(19,273)
Grant payments	(1,691,761)	(1,199,842)
Refunds paid	(82,886)	(103,754)
Interest received	123,435	70,626
Cash flows from operating activities	1,096,080	1,044,296
Net increase in cash and cash equivalents	1,096,080	1,044,296
Cash and cash equivalents, beginning of year	2,292,828	1,248,532
Cash and cash equivalents, end of year	$ 3,388,908	$ 2,292,828

(See accompanying notes to the financial statements)

CATTLE MARKETING DEDUCTIONS FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2000

1. Legislative Authority

The Cattle Marketing Deductions Fund (Fund) was established under *The Cattle Marketing Deductions Act* and continues under *The Cattle Marketing Deductions Act, 1998* (Act). The Act established two accounts, the Provincial Account and the National Account. The Fund's existing assets were transferred to the Provincial Account established by the Act. The Provincial Account's purpose is to develop, improve and promote the cattle industry.

The Act also established the National Account to support a promotion-research agency to be established pursuant to *The Farm Products Agencies Act* (Canada). A national promotion-research agency has not been established. Currently, the Department is seeking legislative changes to allow it to provide funding to any suitable organization that represents the national interests of the cattle industry.

Dealers deduct $2.00 per head from the purchase price for cattle purchased. The National Account receives $1.00 a head and the Provincial Account receives $1.00 a head less the dealer's commission of $0.03 per head.

Section 12 of the Act provides for the refund of deductions apportioned to the Provincial Account. Any person may claim a refund of deductions for a calendar year by filing a claim by January 31 of the following year.

2. Significant Accounting Principles

The financial statements are prepared in accordance with generally accepted accounting principles. The following accounting principles are considered significant.

a) Accrual Basis

The financial statements are prepared on the accrual basis of accounting.

b) Grants

Grants are recorded as expenditures when approved and the eligibility criteria, if any, have been met by the recipient.

c) Financial Instruments

Accounts receivable, accrued interest and accounts payable are non-interest bearing and are due or payable within the next year. Due from General Revenue Fund is interest bearing and due within the next year. Due to this short-term maturity, the fair value of these instruments approximates the carrying value. The Fund is exposed to minimal credit risk from the potential non-payment of accounts receivable.

c) Cash and Cash Equivalents

Cash and cash equivalents are comprised of what is due from the General Revenue Fund.

3. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, departments, agencies, boards and commissions related to the Fund by virtue of common control by the Government of Saskatchewan and non-Crown corporations and enterprises subject to joint control and significant influence by the Government of Saskatchewan, collectively referred to as "related parties".

The Fund's money is held in the General Revenue Fund. Interest is calculated on the Fund's daily balance using the Government's thirty-day borrowing rate and is credited to the Provincial Account on a quarterly basis. The Government's average thirty-day borrowing rate for 1999-2000 is 5.08% (1998-1999 is 5.04%).

The Fund paid $170,700 in grants to the University of Saskatchewan. Also, the Fund paid $15,000 to the Livestock Services Revolving Fund for administrative expenses.

4. Commitments

At year end, the Committee has committed to grants in 2000-2001 of $358,598 and in 2001-2002 of $60,000.

As well, the Fund is committed to pay the moneys collected for the National Account to a promotion research agency when it is established and an agreement has been entered into.

5. 1999-2000 Budget

The Advisory Committee approved the 1999-2000 budget on January 22, 1999.

6. Comparative Figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

7. Subsequent Event

The Cattle Marketing Deductions Act (Act) was amended effective June 27, 2000. The Act now allows the Minister, where an appropriate promotion-research agency has not been established, to enter into agreements with any organization that represents the national interests of the cattle industry. The agreements will establish what moneys will be paid out of the National Account. The Department is currently negotiating agreements with organizations that represent the national interests of the cattle industry to pay money out of the National Account.

CATTLE MARKETING DEDUCTIONS FUND
DETAILED LIST OF EXPENDITURES (UNAUDITED)
Year Ended March 31

	2000	1999
Personal Services		
Payees under $2,500	$ 1,190	$ 1,675
Travel		
Other	1,688	2,138
Grants		
Canadian Cattlemen's Association:		
National Beef Information Centre	600,000	600,000
Operating Expenses	902,081	181,831
University of Saskatchewan:		
Western College of Veterinary Medicine	10,700	---
Veterinary Infectious Disease Organization	75,000	85,000
Dairy Cattle Feeding Project	60,000	60,000
Western Beef Development Centre	25,000	25,000
Canada Beef Export Federation	100,000	100,000
Saskatchewan Beef Information Centre	48,500	35,000
Foundation for Animal Care	5,000	5,000
Saskatchewan Cattle Feeders' Association	2,500	2,500
Saskatchewan Stock Growers' Association	88,500	107,500
	1,917,281	1,201,831
Supplier Payments		
Payees under $20,000	15,607	15,460
Total	$ 1,935,766	$ 1,221,104